



# NAVY ERP NEWSLETTER

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ISSUE 2

*Recapitalization through Enterprise Integration*

JULY 2004

**Question of the Month:** *Why was the Navy ERP Process Council Established? (Answer on page 2)*

## ***SECNAV Approves Establishment of DRPM for Navy ERP Program***

On May 5, Secretary of the Navy Gordon England approved the establishment of a Direct Reporting Program Manager (DRPM) for Navy-wide implementation of the Enterprise Resource Planning (ERP) Program. The DRPM will serve as the champion and catalyst to implement business process change across the Navy using an ERP solution. The ERP DRPM will become the single point of contact for all Navy ERP matters including budgeting, scheduling, managing, and adjudicating business process changes issues across all Navy Commands. Formal stand-up of the DRPM will occur not later than 31 July, 2004.

The Direct Reporting Program Manager for Navy ERP will report to the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)).

## ***Legacy Application Policy Announced***

A 1 June 2004 memo from the Deputy Assistant Secretary of the Navy for Logistics outlines a new policy for software applications whose functionality is contained in Navy ERP. Need for the policy arose when the Navy decided to converge four pilot ERP programs into a single ERP solution. The Navy currently utilizes hundreds of software and data base systems to conduct its business, but is counting on the Navy ERP Program to replace all of them - or as many as possible - with a single, integrated commercial off-the-shelf application.

"Enclosure (1) is the Navy ERP and Legacy Applications Management Policy and is hereby effective immediately for all sites scheduled for deployment of Navy ERP," DASN (Log) N.J. Kunesh said in the distribution memo, "The initial focus of this policy is on applications with functionality overlapping that provided in Navy ERP Template 1, although it envisioned this policy will be extended as future templates and schedules of Navy ERP are defined."

[Click here for the full text of Enclosure \(1\).](#)

## ***Process Council Issues Consignment Decision***

The NAVY ERP Process Council issued its first decision memorandum determining the ownership of inventories for supply chain management within ERP. Current Navy material inventory ownership processes vary widely and support a wide variety of purchase, storage/delivery, and funding options. The Navy has undertaken several initiatives to consolidate and standardize supply processes to provide greater navy-wide visibility of material inventory with the goal of reducing both inventory and related management costs.

The Process Council's Supply Management Process Working Group recommended the Consignment option - also referred to as "dual consignment" - by which Supply (Navy Working Capital Fund/Defense Working Capital Fund) owns all inventories with visibility in Plant as Consigned Material. In making this recommendation, the Working Group listed the following advantages:

- SAP offers functionality to represent the business practice of one company providing material to support operations in another company's plant.
- The Consignment option supports the Supply strategic vision of a Single National Inventory.
- The Consignment maintains integration between Supply and Maintenance.

The most significant business process change the consignment approach will be to change the "point of sale." This change will occur upon site implementation and will, for example, move the aviation customer's "point of sale" to the actual point of consumption.

## ***Navy ERP Holds First Configuration Board***

The Navy ERP Strategies, Architecture, and Standards Group (SASG) Team held its first Configuration Management Board (CMB) meeting 7 May, 2004. The NEMAIS Configuration Control Board (CCB) forwarded to the CMB a list of 38 requested functional changes needed to support its upcoming rollout to the four Regional Maintenance Centers that will be formed beginning 1 October, 2004. The changes were requested as a result of gaps identified during a recent Implementation Analysis meeting held in Norfolk, VA. Of the 38 changes sought, 30 were either approved or determined not to require CMB approval.

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### ***Contact Us***

The Navy ERP Newsletter is published by the Navy ERP Program Management Office. Visit the Navy ERP Web Site ([www.erp.navy.mil](http://www.erp.navy.mil)) for further information on these stories and other aspects of the Program. If you have any questions or comments please email us at [NavyERPCommunications@navy.mil](mailto:NavyERPCommunications@navy.mil).

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## Question of the Month:

### *Why was the Process Council Established?*

The Navy Enterprise Resource Planning (ERP) Process Council was established to support the Navy in developing and maintaining the Navy's ERP architecture and related business process standards. Development of a single Navy-wide ERP solution carries with it the need to re-engineer and standardize Navy business processes across the board. A DON-level process re-engineering oversight and approval body was needed to govern Navy ERP across its extraordinary breadth.

The authority of the Process Council is granted by the Assistant Secretary of the Navy for Research, Development, and Acquisition - ASN (RDA). Among its responsibilities, the Process Council acts as a formal decision body for Navy enterprise-level processes to be configured into the Navy ERP solution. It also consults with and advises Navy Functional Area Managers (FAMs) and Office of the Secretary of Defense (OSD) Domain Owners through selected FAMs with respect to compliance with established Navy and OSD-level architectures and standards for business processes. It enforces compliance with Navy enterprise-level ERP strategies, architectures and standards, and acts in concert to decide courses of action for all matters that affect multiple business process areas. The Process Council also recommends and supports change management initiatives presented and developed by the Organizational Change Management Team.

Membership of the Process Council includes representatives from the Secretariat and OPNAV Staff owners of policy and processes for Maintenance, Supply Chain Management, Finance, Work Force Management, and Acquisition business areas. Assignment to the Council core is intended to be for a long duration in order to preserve continuity of the team and leverage training that team members are provided.

It is the Navy's intent to maximize exploitation of the core ERP commercial software without any tailoring or extension. In this manner, the Navy will look to adopt a standard set of best commercial business practices, as allowed by statute and regulation, and deploy them across the Navy to capture efficiencies of operation of its support infrastructures.

## *Rollouts to Regional Maintenance Centers are the Next Priority for NEMAIS*

Fleet Forces Command's Regionalization initiative has altered the NEMAIS rollout schedule for the coming year. Regional Support Groups (RSGs), Shore Intermediate Maintenance Activities (SIMAs), Fleet Technical Support Centers (FTSCs) and Supervisor of Shipbuilding and Repair (SUPSHIP) activities are being combined into one Regional Maintenance Center (RMC) in each region.

NEMAIS, which has thus far completed initial rollout to the Mid-Atlantic, Southwest, and Southeast regions, will expand its implementation to the FTSCs and SUPSHIP activities in those regions to support RMC standup on 1 October, 2004. Regionalization also affects activities of the Northwest, South Central, and other regions that have not yet received the NEMAIS production system. NEMAIS rollout to the RMCs was approved 13 July, 2004 by DASN(Log) N.J. Kunesh.

Ship Repair Facility (SRF) Japan, which had been slated to go live on NEMAIS in November 2004, is now scheduled for implementation in March 2005. Dates for implementation of the production system's final rollouts to Pascagoula, MS (Southeast Region) and Ingleside, TX (South Central Region) have yet to be determined.

## *Business Process Metrics Help Fleet Reap ERP Benefits*

Navy Enterprise Team Ships (NETS) personnel have held two weeklong workshops to help Navy Regional Maintenance Centers (RMCs) develop business process metrics to manage their business using the NEMAIS production system of Navy ERP. Development of management metrics at this level improves Navy maintenance business processes so that resulting cost savings can help the Navy recapitalize.

NETS personnel held a 1-week workshop in June with the Southeast RMC in Mayport, FL, to validate work execution metrics that the NETS Metrics Team had developed. In May, the Team held a similar workshop with the Southwest RMC in San Diego to present and validate materials management metrics. Once these metrics have been validated, they can be used to tell managers where to put their efforts to keep maintenance work within cost and schedule targets. They can be used to trace Failure Mode root causes and point to system inefficiencies that can be corrected.

The Metrics Team will next turn its attention to developing metrics for Financial and Human Resources business processes, some of which are now completing development by the Fleet Forces Command Business Process Re-engineering group.



## ***Sigma Holds Demo; Discusses Lessons Learned***

On 19 May, 2004, Sigma hosted a demonstration of its production system and a presentation of lessons learned from its pilot ERP implementation in response to several external requests. More than 50 people attended the event, representing activities including OSD, FMO, ASN, NASA, Navy ERP, NAVAIR, and DFAS. Attendees included the Assistant Under Secretary of Defense for Logistics Systems Management and the Director of the Office of Financial Operations. Attendees were impressed with Sigma's functionality, size and achievements.

NAVAIR plans to host another SIGMA Demonstration and Lessons Learned day on 5 August, 2004. The live demo will include: Financial Management, Program Management, Procurement, ECP Approval, Human Resource Management, Workflow and Document Management. Those interested in attending should contact Casey Schachter with name, title, rank, organization and area of interest. For further information, please call Casey Schachter or Robin Owens at (301) 995-4000.

## ***Sigma Welcomes New PM***

PMA-203 held a Change of Command/Retirement Ceremony on 20 May, 2004 as CAPT Michael S. Paul relieved CAPT Thomas A. Cahill and assumed command as Program Manager for Sigma - the NAVAIR Enterprise Resource Planning (ERP) production system - and Manufacturing Resource Planning (MRP II). CAPT Paul previously served as the Electronic Warfare/Special Mission Department Head/Deputy Program Manager for the Program Executive Officer, AIR ASW, Assault, and Special Mission Programs (PMA290).

## ***SMART Evolving to Sustained Production System***

The SMART production system has been evolving toward its Sustainment Phase since it "went live" on 3 January, 2003. More than 500 Change Requests have been completed to improve operation and achieve the Navy ERP requirement of providing a "steady state" operation for Sustainment and a stable, functional baseline that will become part of Navy ERP's Template 1 blueprint.

SMART's approach to Sustainment will also include the following elements:

- Resources being migrated to support Navy ERP.
- Further system enhancements are not planned.
- The only system changes authorized will be those needed to repair system defects causing work stoppage; this policy applies also to SAP® patch upgrades and updates to support legacy interfaces.
- Requests for functional changes will go through the Navy ERP Configuration Management process. [See CMB story on page 1.-ed.]
- Navy ERP data calls will be supported.

Although new development has been curtailed, SMART resources will continue to support sites through the Navy ERP deployment dates and at least until SMART is retired. Site calls will continue and technology support will remain, as will assistance in the areas of Finance, Material Requirements Planning (MRP) reports, Advance Planning System (APS), Maintenance, and Material Masters. The Program Management Office will remain in place along with any support services required to keep SMART up and running.

Questions and/or comments concerning SMART can be addressed to SMART PMO Leads Bob Bacon (717-605-6072) or Adrianna Ward (717-605-3982).

## ***Navy ERP Holds First Configuration Management Board***

*(Continued from page 1)*

There are five CCBs - one for each Production System and one for Navy ERP. The CCBs are responsible for reviewing, processing, and prioritizing Requests For Change (RFCs) within scope in accordance with Navy ERP Program requirements. Any RFCs that call for new enhancements, requirements, or changes in scope or business processes covered by Navy ERP are forwarded to the Navy ERP CMB, whose membership consists of the Navy ERP Program Manager and the Program's eight Team Leads. RFCs approved by the CMB are then sent back to the originating CCB for prioritization and release assignment via its locally established release procedures.

Not every process change needs to go through the CMB, however, process changes that do not change the Program's requirements, scope or configured system, or that require only minor configuration changes, can be approved by the CCBs as long as the total implementation expenditures do not exceed 400 hours or \$100,000.

A consistent Configuration Management process is needed to ensure the objectives and priorities established for the Navy ERP Program are managed, controlled, and properly implemented. CM also establishes the discipline for the systematic application of technical and administrative direction and surveillance to accomplish identification and documentation of functional and physical characteristics of components, equipment, computer software, program documentation, and the development of baselines. This is critical, particularly in light of design and supportability factors, interface requirements with other systems, and dependency on existing and future infrastructures at specific user locations.

CM also is of the utmost importance in maintaining the changes to the four production systems supporting the Navy and in validating that all the changes are brought forward to the Navy ERP Program. And, lastly, a CM Program is a Department of Defense requirement because Navy ERP is an Acquisition Category 1M (ACAT-1M) program.

## **Navy ERP and Legacy Applications Management Policy Guidance**

### **1. Background**

As the Navy moves towards efficiency and effectiveness by eliminating redundant applications and converging on a single Enterprise Resource Planning (ERP) solution, it is necessary to manage legacy applications in concert with Navy ERP. The Virtual SYSCOM was tasked with developing a policy for managing new applications or new versions of applications with functionality that overlaps that of Navy ERP. Consideration should be given to collapsing multiple applications that have been identified as having overlapping functionality with Navy ERP into a single application wherever practicable.

This policy focuses on applications with functionality overlapping that provided in Navy ERP Template 1.0, although it is envisioned this policy will be extended as future templates and schedules of Navy ERP are defined. This policy applies to both new applications and upgrades to the legacy applications identified for retirement by Navy ERP.

### **2. Roles and Responsibilities**

A three-tiered governance approach will manage the introduction of new applications or upgrades to legacy applications: ERP Board of Advisors (BoA); Echelon I Functional Area Manager (FAM)/ERP Process Councils; and Echelon II FAM/Central Design Activities (CDA).

The ERP BoA will serve as the Governance Board and coordinate with the Echelon I FAM as approval authority for managing and approving new applications with functionality that is considered to be included in the Navy ERP solution as well as for the “singling up” of applications in advance of Navy ERP. The Echelon I FAM will review requests for release of new applications or upgrades to legacy applications as submitted by the Echelon II FAM/CDAs. The Business Rules specified below shall be used as the criteria for determining whether a new application or upgrade should be recommended for release. The Echelon I FAM will work with the ERP Process Councils to make recommendations to the ERP BOA.

The ERP Process Councils will serve as the implementing authority for the ERP BoA. The Process Councils will ensure the functionality of the new application or upgrade is considered and included in the ERP Template development.

The Virtual SYSCOM has established cross-SYSCOM FAM teams to review the applications with functionality that overlaps Navy ERP. Echelon II FAM/CDA teams will serve as the entry point for the consideration for release of new applications or upgrades and for initiating recommendations for “singling up” applications in advance of Navy ERP. The Echelon II FAM/CDA is responsible for reviewing the rationale for the new application requirement and for making the initial recommendation for approval or disapproval. Applications with a sound justification and rationale for release will be packaged and submitted to the Echelon I FAM for second level review and approval. The application review and approvals will be documented in the DON Application and Database Management System (DADMS).

## **Navy ERP and Legacy Applications Management Policy Guidance**

### **3. Business Rules**

- a. DADMS will be used as the authoritative source of data.
  - i. The DADMS questionnaire will be modified to include a filter for Navy ERP functionality.
  - ii. The modifications will include four (4) options for each application.
    1. ERP Template 1 Functionality / All Template 1 Locations
    2. ERP Template 1 Functionality / Potential Future Template Deployment Locations
    3. ERP Functionality / Potential Future Template
    4. Functionality not covered by ERP
- b. Upgrades to applications or migrations to a new application must have a Business Case Analysis (BCA) that shows a positive Return on Investment (ROI) prior to deployment to Navy ERP.
- c. Upgrades to applications or migration to a new application within two years (2) of retirement by Navy ERP shall not be approved.
- d. Only one migration to a new application will be allowed per FAM sub-taxonomy per site in “singling up” applications in advance of Navy ERP. For example, NAVSEA is developing a plan to single up on its financial management systems in advance of Navy ERP. Once this plan is executed, Navy ERP is the only next step in the Roadmap. (See Figure 1)
- e. The solution should consider standardization across the widest possible number of users and activities.
- f. The interim solution to singling up applications in advance of Navy ERP cannot be another ERP solution.
- g. Impact on the ERP architecture as well as the DoD BEA/BMMP efforts shall be considered.

### **4. Approach**

There are two scenarios for introducing new applications in advance of Navy ERP. One scenario considers the introduction of new applications or upgrades to existing legacy applications and the second considers the feasibility of “singling up” on applications in advance of Navy ERP deployment. The approach to approving the release of the solution is the same in both scenarios.

The Echelon II FAM/CDA team will review the requirement for the introduction of the application and make a determination whether it is a valid requirement. Further, in keeping with Navy guidance and direction, the FAM/CDA teams should review all opportunities for “singling up” on an application in advance of Navy ERP. Greater consideration should be given to cases where mission performance would be favorably impacted by the change and lesser consideration should be given to “nice to have” or “convenience” changes. The team should also consider whether the functionality of the application overlaps that of Navy ERP. Lesser consideration should be given to the introduction of new applications or version, or singling up on an application as the requesting site approaches cut-over to Navy ERP.

**Navy ERP and Legacy Applications  
Management Policy Guidance**

For applications that are initially considered to be favorable candidates for introduction or “singling up”, the Echelon II FAM/CDA will prepare a migration strategy that addresses the following:

- Rationale for changing to a new application or version;
- BCA for making the change which includes a discussion of all costs associated with the change (including data cleansing and migration) and Return on Investment;
- Feasibility of deploying a SYSCOM-wide solution and the rationale supporting why a solution is not deployed SYSCOM-wide. If a SYSCOM-wide solution is not feasible, the migration strategy should address the feasibility of deploying the solution across similar divisions or activities (e.g., across all Warfare Centers);
- NMCI compatibility, and
- Schedule for migration.

One single migration plan can be used where a group of applications are singled up in advance of Navy ERP. This effort will be managed by the Migration Managers from each SYSCOM and delegated to the Echelon II FAMs and CDAs.

The BCAs and Migration Plans shall be vetted through the Echelon I FAMs and ERP Process Councils and then submitted to the ERP BoA for approval before implementation by the associated CDA/application owner.

**Sample Roadmap**

Functional Area	Site	Now (FY2004)	Mid-Term	End State
<b>FAM: Financial Management</b>				
<b>Sub-taxonomy areas:</b> •Budget Execution/Tracking •Management Control	NAVSEA	•FMIS 2000 •PRISMS •LANMIS	PRISMS	Navy ERP
	NAVAIR	SIGMA	SIGMA	Navy ERP
	SPAWAR	FMIS 2000	FMIS 2000 (or PRISMS)	Navy ERP
	NAVSUP	CPMS	CPMS	Navy ERP

**(Figure 1)**

Notes:

1. End State date is driven by Navy ERP Template 1.0 Deployment Schedule
2. Mid-Term date – no later than two (2) years prior to Navy ERP deployment of the legacy applications at the last using site. To be determined by the results of the BCA/ROI.
3. After NAVSEA migrates to a single financial management information system, the next system will be Navy ERP. The migration plan will address this process of transitioning from the multiple systems of today, to a single system, and then to Navy ERP.